

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Application of Canaday )  
Oil Corporation for an Order Authorizing )  
the Unitization and Unit Operation of the )  
Irons Morrow Sand Unit in Clark County, )  
Kansas )  
\_\_\_\_\_ )

Docket No. 24-CONS-3103-CUNI

CONSERVATION DIVISION

License No. 5303

**RESPONSE OF CANADAY OIL CORPORATION TO MOTION  
FOR RECONSIDERATION OF THE BAIR, MAHIEU, AND O'BRIEN PROTESTORS**

COMES NOW, Canaday Oil Corporation ("Canaday Oil") by and through its attorney, Robert J. McFadden, Foulston Siefkin LLP, Wichita, Kansas, for its response to the Motion for Reconsideration filed by Mark Mahieu, Michelle Mahieu, Estate of Eddie V. Mahieu, Estate of Linda L. Mahieu, Thomas O'Brien as Trustee of the John and Alice O'Brien Trust, and John Bair as Trustee of the John L. Bair Trust, (collectively "Protestor") on July 17, 2024, and states the following:

1. Protestor argues that the Kansas Corporation Commission ("Commission") should reconsider its Final Order granting Canaday Oil's Application for unitization of the Irons Morrow Sand Unit ("Unit") but offers only hyperbole for support. Canaday Oil files this Response for the purpose of clarifying and correcting Protestor's misstatements.

2. No burden was shifted to the Protestor. Just as Protestor did at the hearing, Protestor fails to offer anything of substance to refute the evidence presented by Canaday Oil.

3. In its Application and at the hearing Canaday Oil provided evidence that was not only rooted in generally accepted petroleum engineering principles and practices, but also meets industry standard for unitization applications. Instead of offering contradictory evidence or a

better standard for the Commission to consider, Protestor simply argues that industry standards and generally accepted petroleum engineering principles and practices are not acceptable.

4. Contrary to Protestor's allegations regarding Mr. Canaday's operational experience, while Mr. Canaday has operated 20 wells in the State of Kansas, he has operated hundreds of wells in Oklahoma, Texas, New Mexico, and Louisiana. Additionally, Canaday Oil's President, Pat Canaday, is also a petroleum engineer. Pat has operated over 1,000 wells in the State of Kansas while working for over 20 years with Murfin Drilling Company and Vess Oil Corporation. Additionally, production from wells wholly unrelated to the Unit has no bearing on the economic feasibility of the Unit.

5. Contrary to Protestor's allegations, Grant Canaday and his family own no royalty interest in the Unit.

6. Contrary to Protestor's allegations, Richard Saenz owns only an overriding royalty interest in the Unit, not a working interest.

7. Protestor is correct that Grant Canaday and his family own a majority of the working interest in the Unit. Other than companies that specialize in third-party operations, it is rare for an operator to not own a large portion or even all of the working interest in the wells or units it operates. If it did not, there would be no incentive to operate it in a way that maximizes success for all owners.

8. Canaday Oil did work continuously on the Unit including gathering reservoir data, developing waterflood and unitization studies, acquiring leases and wells, locating landowners and discussing project agreements and waterflood plans with them, maintaining wellbore integrities, and maintaining primary production where available.

9. Drilling wells “just over the line” on Tract 2 as alleged by Protestor is not a feasible substitute for including Tracts 1 and 5. Excluding Tracts 1 and 5 would open the Unit to the risk of a third party drilling a well or wells on Tract 1 and/or Tract 5 and damaging the project by inhibiting Canaday Oil’s ability to control the water injection pattern. This would significantly reduce the ultimate recovery of oil, causing waste and damaging all Unit owners.

10. The Commission’s Final Order approving Canaday Oil’s Application complies with K.S.A. 55-1301, *et. seq.* and is consistent with the Commission’s duty to prevent waste and protect correlative rights.

THEREFORE, Canaday Oil hereby requests that Protestor’s Motion for Reconsideration be denied.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I, Robert J. McFadden, hereby certify that on this 25th day of July, 2024, I caused true and correct copies of the foregoing Response of Canaday Oil Corporation to Motion for Reconsideration of the Bair, Mahieu, and O'Brien Protestors to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be served to the following parties by electronic service.

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